

# **M2 Ordinance Excerpts**

1 separate allocations, shall be defined as “Net Revenues” and shall be allocated solely for  
2 the transportation purposes described in the Ordinance.

3 **SECTION 5. BONDING AUTHORITY**

4 “Pay as you go” financing is the preferred method of financing transportation  
5 improvements and operations under the Ordinance. However, the Authority may use bond  
6 financing as an alternative method if the scope of planned expenditures makes “pay as you  
7 go” financing unfeasible. Following approval by the electors of the ballot proposition  
8 authorizing imposition of the transactions and use tax and authorizing issuance of bonds  
9 payable from the proceeds of the tax, bonds may be issued by the Authority pursuant to  
10 Division 19 of the Public Utilities Code, at any time before, on, or after the imposition of  
11 taxes, and from time to time, payable from the proceeds of the tax and secured by a pledge  
12 of revenues from the proceeds of the tax, in order to finance and refinance improvements  
13 authorized by the Ordinance.

14 **SECTION 6. MAINTENANCE OF EFFORT REQUIREMENTS**

15 **It is the intent of the Legislature and the Authority that the Net Revenues allocated to**  
16 **a jurisdiction pursuant to the Ordinance for street and road projects shall be used to**  
17 **supplement existing local discretionary funds being used for transportation improvements.**  
18 **Each jurisdiction is hereby required to annually maintain as a minimum no less than the**  
19 **maintenance of effort amount of local discretionary funds required to be expended by the**  
20 **jurisdiction for local street and road purposes pursuant to the current Ordinance No. 2 for**  
21 **Fiscal Year 2010-2011. The maintenance of effort level for each jurisdiction as determined**  
22 **through this process shall be adjusted effective July 1, 2014 and every three fiscal years**  
23 **thereafter in an amount equal to the percentage change for the Construction Cost Index**  
24 **compiled by Caltrans for the immediately preceding three calendar years, providing that**  
25 **any percentage increase in the maintenance of effort level based on this adjustment shall**  
26 **not exceed the percentage increase in the growth rate in the jurisdiction’s general fund**  
27 **revenues over the same time period. The Authority shall not allocate any Net Revenues to**  
28 **any jurisdiction for any fiscal year until that jurisdiction has certified to the Authority that it**

1 has included in its budget for that fiscal year an amount of local discretionary funds for  
2 streets and roads purposes at least equal to the level of its maintenance of effort  
3 requirement. An annual independent audit may be conducted by the Authority to verify that  
4 the maintenance of effort requirements are being met by the jurisdiction. Any Net  
5 Revenues not allocated pursuant to the maintenance of effort requirement shall be  
6 allocated to the remaining eligible jurisdictions according to the formula described in the  
7 Ordinance.

8 In order to address the impacts of the novel coronavirus pandemic (commonly  
9 referred to as COVID-19), for fiscal year (FY) 2019-20, jurisdictions shall comply with all  
10 submittal requirements under the ordinance, including, but not limited to, those  
11 requirements under Attachment B (III) - Requirements for Eligible Jurisdictions, but will not  
12 be required to meet the required maintenance of effort (MOE) amount for that particular  
13 jurisdiction for the FY 2019-20. For FY 2020-21, jurisdictions shall be required to comply  
14 with all submittal requirements under the ordinance, including, but not limited to, those  
15 requirements under Attachment B (III) - Requirements for Eligible Jurisdictions, but shall  
16 only be required to meet the MOE amount for that particular jurisdiction for the FY at the  
17 same proportional share of streets and roads expenditures to general fund revenues based  
18 upon the proportion of the FY 2020-21 MOE benchmark to general fund revenues that were  
19 reported in their respective Comprehensive Annual Financial Report for FY 2018-19.  
20 Jurisdictions are encouraged to use their best efforts during FY 2019-20 and FY 2020-21 to  
21 meet original MOE levels.

## 22 SECTION 7. ADMINISTRATION

23 The Authority shall allocate Revenues to fund facilities, services and projects as  
24 specified in the Ordinance, and shall administer the Ordinance consistent with the authority  
25 cited. Revenues may be expended by the Authority for salaries, wages, benefits, and  
26 overhead and for those services, including contractual services, necessary to carry out its  
27 responsibilities pursuant to Division 19; however, in no case shall the Revenues expended  
28 for salaries and benefits of Authority administrative staff exceed more than one percent

1 and phasing of capital, operations and maintenance of the street routes and traffic signals;  
2 and include information on how the street routes and traffic signals may be synchronized  
3 with traffic signals on the street routes in adjoining jurisdictions. The Local Traffic Signal  
4 Synchronization Plan shall be consistent with the Traffic Signal Synchronization Master  
5 Plan.

6                   7.     Pavement Management Plan. Adopt and update biennially a  
7 Pavement Management Plan, and issue, using a common format approved by the  
8 Authority, a report every two years regarding the status of road pavement conditions and  
9 implementation of the Pavement Management Plan.

10                   a.     Authority, in consultation with the Eligible Jurisdictions,  
11 shall define a countywide management method to inventory, analyze and evaluate road  
12 pavement conditions, and a common method to measure improvement of road pavement  
13 conditions.

14                   b.     The Pavement Management Plan shall be based on:  
15 either the Authority's countywide pavement management method or a comparable  
16 management method approved by the Authority, and the Authority's method to measure  
17 improvement of road pavement conditions.

18                   c.     The Pavement Management Plan shall include:

19                             (i)     Current status of pavement on roads;

20                             (ii)    A six-year plan for road maintenance and  
21 rehabilitation, including projects and funding;

22                             (iii)   The projected road pavement conditions resulting  
23 from the maintenance and rehabilitation plan; and

24                             (iv)   Alternative strategies and costs necessary to  
25 improve road pavement conditions.

26                   8.     Expenditure Report. Adopt an annual Expenditure Report to  
27 account for Net Revenues, developer/traffic impact fees, and funds expended by the  
28 Eligible Jurisdiction which satisfy the Maintenance of Effort requirements. The Expenditure

1 Report shall be submitted by the end of six (6) months following the end of the jurisdiction's  
2 fiscal year and include the following:

- 3 a. All Net Revenue fund balances and interest earned.
- 4 b. Expenditures identified by type (i.e., capital, operations,  
5 administration, etc.), and program or project .

6 9. Project Final Report. Provide Authority with a Project Final  
7 Report within six months following completion of a project funded with Net Revenues.

8 10. Time Limits for Use of Net Revenues.

9 a. Agree that Net Revenues for Regional Capacity Program  
10 projects and Regional Traffic Signal Synchronization Program projects shall be expended  
11 or encumbered no later than the end of the fiscal year for which the Net Revenues are  
12 programmed. A request for extension of the encumbrance deadline for no more than  
13 twenty-four months may be submitted to the Authority no less than ninety days prior to the  
14 deadline. The Authority may approve one or more requests for extension of the  
15 encumbrance deadline.

16 b. Agree that Net Revenues allocated for any program or  
17 project, other than a Regional Capacity Program project or a Regional Traffic Signal  
18 Synchronization Program project, shall be expended or encumbered within three years of  
19 receipt. The Authority may grant an extension to the three-year limit, but extensions shall  
20 not be granted beyond a total of five years from the date of the initial funding allocation.

21 c. In the event the time limits for use of Net Revenues are  
22 not satisfied then any retained Net Revenues that were allocated to an Eligible Jurisdiction  
23 and interest earned thereon shall be returned to the Authority and these Net Revenues and  
24 interest earned thereon shall be available for allocation to any project within the same  
25 source program.

26 11. Maintenance of Effort. Annual certification that the Maintenance  
27 of Effort requirements of Section 6 of the Ordinance have been satisfied.

28 12. No Supplanting of Funds. Agree that Net Revenues shall not be

1 names of the candidates recommended by the Panel for the appointment on equally-sized  
2 cards which shall be deposited randomly in a container. In a public session, the Chairman  
3 of the Authority will draw one name from said container for each vacancy on the  
4 Committee. The person whose name is so drawn shall be appointed by the Authority to fill  
5 the vacancy.

6 IV. DUTIES AND RESPONSIBILITIES. The Committee is hereby charged  
7 with the following duties and responsibilities:

8 A. The initial Members shall convene to adopt such procedural rules and  
9 regulations as are necessary to govern the conduct of Committee meetings, including, but  
10 not limited to, those governing the calling, noticing and location of Committee meetings, as  
11 well as Committee quorum requirements and voting procedures. The Committee may  
12 select its own officers, including, but not limited to, a Committee co-chair who will be the  
13 primary spokesperson for the Committee.

14 B. The Committee shall approve, by a vote of not less than two thirds of  
15 all Committee members, any amendment to the Plan proposed by the Authority which  
16 changes the funding categories, programs or projects identified on page 31 of the Plan.

17 C. The Committee shall receive and review the following documents  
18 submitted by each Eligible Jurisdiction:

- 19 1. Congestion Management Program;
- 20 2. Mitigation Fee Program;
- 21 3. Expenditure Report;
- 22 4. Local Traffic Signal Synchronization Plan; and
- 23 5. Pavement Management Plan.

24 D. The Committee shall review yearly audits and hold an annual public  
25 hearing to determine whether the Authority is proceeding in accordance with the Plan. The  
26 Chair shall annually certify whether the Revenues have been spent in compliance with the  
27 Plan. In addition, the Committee may issue reports, from time to time, on the progress of  
28 the transportation projects described in the Plan.